Financial Statements of

# CAMPBELLFORD MEMORIAL HOSPITAL

Year ended March 31, 2025

# CAMPBELLFORD MEMORIAL HOSPITAL

Table of Contents

Page

**KPMG LLP**
863 Princess Street, Suite 400
Kingston, ON  K7L 5N4
Canada
Telephone 613 549 1550
Fax 613 549 6349

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Campbellford Memorial Hospital

## *Opinion*

We have audited the financial statements of Campbellford Memorial Hospital (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 17, 2025

# CAMPBELLFORD MEMORIAL HOSPITAL

Statement of Financial Position

March 31, 2025, with comparative information for 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 1,325,380 | $ – |
| Accounts receivable (notes 2, 14(a), 14(b) and 14(c)) | 2,671,654 | 5,331,457 |
| Inventories (note 3) | 249,532 | 304,075 |
| Prepaid expenses and deposits | 472,557 | 609,439 |
| | 4,719,123 | 6,244,971 |
| Tangible capital assets (note 4) | 15,764,518 | 16,247,967 |
| | $ 20,483,641 | $ 22,492,938 |
| **Liabilities and Net Asset Deficiency** | | |
| Current liabilities: | | |
| Bank indebtedness (note 6) | $ – | $ 233,913 |
| Accounts payable and accrued liabilities (notes 5, 14(b) and 14(c)) | 5,051,912 | 4,527,903 |
| Term loan (note 6) | – | 150,000 |
| Government remittances payable | 846,109 | 378,558 |
| Current portion of long-term debt (note 7) | 307,192 | 286,318 |
| | 6,205,213 | 5,576,692 |
| Asset retirement obligation (note 8) | 1,063,690 | 1,026,000 |
| Deferred capital contributions (note 9) | 17,738,904 | 17,002,104 |
| Future employee benefits (note 11) | 993,800 | 984,500 |
| Non-current portion of long-term debt (note 7) | 1,529,996 | 1,550,787 |
| Net asset deficiency: | | |
| Invested in capital assets (note 10) | 714,043 | 2,277,522 |
| Unrestricted | (7,762,005) | (5,924,667) |
| | (7,047,962) | (3,647,145) |
| Commitments (note 15) | | |
| Contingencies (note 16) | | |
| Subsequent event (note 19) | | |
| | $ 20,483,641 | $ 22,492,938 |

See accompanying notes to financial statements.

On behalf of the Board:

Carrie Hayward Director

Director

# CAMPBELLFORD MEMORIAL HOSPITAL

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

| | 2025 | 2024 |
|---|---|---|
| Revenue: | | |
| Ontario Health/Ministry of Health: | | |
| Global funding | $ 20,415,603 | $ 18,458,325 |
| One-time operating funding | 5,144,117 | 6,417,549 |
| Physician transfer funding | 3,901,756 | 2,784,994 |
| | 29,461,476 | 27,660,868 |
| Patient revenue | 1,659,828 | 2,356,780 |
| Other revenue (note 14(b)) | 1,588,385 | 1,202,027 |
| Amortization of deferred capital contributions - equipment | 1,184,540 | 704,272 |
| | $33,894,229 | 31,923,947 |
| Expenses: | | |
| Salaries and wages | 22,708,741 | 20,583,254 |
| Physician transfer payments and medical staff | 4,857,789 | 4,641,703 |
| Contracted services and other expenses (note 7) | 2,980,788 | 1,816,197 |
| Supplies | 2,033,555 | 2,069,351 |
| Amortization of tangible capital assets - equipment | 1,588,729 | 1,226,369 |
| Equipment expenses | 1,777,061 | 1,821,282 |
| Medical and surgical supplies | 724,371 | 653,055 |
| Drugs and medical gases | 427,780 | 415,904 |
| Post employee benefits | 9,300 | 9,600 |
| | 37,108,114 | 33,236,715 |
| Excess of expenses over revenue from hospital operations | (3,213,885) | (1,312,768) |
| Other income (expenses): | | |
| Amortization of deferred capital contributions - building and service equipment | 764,918 | 524,185 |
| Amortization of tangible capital assets - building and service equipment | (951,850) | (768,534) |
| | (186,932) | (244,349) |
| Separately funded programs (note 13): | | |
| Fund type 2 revenue | 2,584,122 | 2,368,346 |
| Fund type 2 expenses | (2,584,122) | (2,368,346) |
| | – | – |
| Excess of expenses over revenue | $ (3,400,817) | $ (1,557,117) |

See accompanying notes to financial statements.

# CAMPBELLFORD MEMORIAL HOSPITAL

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2025, with comparative information for 2024

| | Invested in tangible capital assets (note 10) | Unrestricted | 2025 Total | 2024 Total |
|---|---|---|---|---|
| Net assets (deficiency), beginning of year: | $ 2,277,522 | $ (5,924,667) | $ (3,647,145) | $ (2,090,028) |
| Excess of expenses over revenue | (591,121) | (2,809,696) | (3,400,817) | (1,557,117) |
| Investment in tangible capital assets | (972,358) | 972,358 | – | – |
| Net assets (deficiency), end of year | $ 714,043 | $ (7,762,005) | $ (7,047,962) | $ (3,647,145) |

See accompanying notes to financial statements.

# CAMPBELLFORD MEMORIAL HOSPITAL

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

| | 2025 | 2024 |
|---|---|---|
| Cash provided by (used for): | | |
| Operating activities: | | |
| Excess of expenses over revenue | $ (3,400,817) | $ (1,557,117) |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 2,540,579 | 1,994,903 |
| Amortization of deferred capital contributions | (1,949,458) | (1,228,457) |
| Increase in asset retirement obligation | 37,690 | 149,163 |
| Increase in employee future benefits liability | 9,300 | 9,600 |
| Net change in non-cash working capital: | | |
| Accounts receivable | 2,946,187 | (3,654,641) |
| Inventories | 54,543 | (64,400) |
| Prepaid expenses and deposits | 136,882 | (76,140) |
| Accounts payable and accrued liabilities | 524,009 | 300,071 |
| Government remittances payable | 467,551 | 35,123 |
| | 1,366,466 | (4,091,895) |
| Financing activities: | | |
| Repayment of long-term debt | (286,301) | (262,895) |
| Decrease in term loan | (150,000) | (1,550,000) |
| | (436,301) | (1,812,895) |
| Capital activities: | | |
| Contributions received for tangible capital asset purchases | 2,686,258 | 5,751,094 |
| Purchase of tangible capital assets | (2,057,130) | (5,239,903) |
| | 629,128 | 511,191 |
| Increase (decrease) in cash | 1,559,293 | (5,393,599) |
| Cash (bank indebtedness), beginning of year | (233,913) | 5,159,686 |
| Cash (bank indebtedness), end of year | $ 1,325,380 | $ (233,913) |

See accompanying notes to financial statements.

The Campbellford Memorial Hospital (the "Hospital") is incorporated under the Ontario Corporations Act. The Hospital is principally involved in providing health care services to Campbellford and area.

The Hospital is funded primarily by the Province of Ontario in accordance with funding policies established by Ontario Health and the Ontario Ministry of Health (the "Ministry").

The Hospital operates under a Hospital Service Accountability Agreement ("HSAA") with the Ministry. This agreement sets out the rights and obligation of the two parties in respect of funding provided to the Hospital. The HSAA sets out the funding provided to the Hospital together with performance standards and obligation of the Hospital that establish acceptable performance results for the Hospital.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued.

The Hospital follows the deferral method of accounting for contributions, which include donations and government grants. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2025.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Revenue from patients and other income is recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

(b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. The fair value of these contributed services is not recorded in the financial statements.

**1. Significant accounting policies (continued):**

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of the major categories of inventories is determined on a first in, first out basis.

(d) Related entities:

Related entities include Campbellford Memorial Hospital Foundation, Campbellford Memorial Multicare Lodge, Campbellford Memorial Health Centre and Campbellford Memorial Hospital Auxiliary. The Hospital's relationship with each of these entities and the method by which they are accounted for is more fully described in Note 14.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life and capacity of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Amortization of cost and any corresponding deferred contribution is calculated on a straight-line basis using the following annual rates per Ministry guidelines:

| Asset | Term |
|---|---|
| Land improvements and heliport | 10 years |
| Buildings | 10 to 40 years |
| Building service equipment | 10 to 25 years |
| Major equipment | 5 to 20 years |
| Software and licensing costs | 2 to 15 years |

Work-in-progress is amortized when the asset is considered substantially complete and is ready for use by the Hospital.

(f) Leased equipment:

Equipment under leases that effectively transfer substantially all of the benefits and risks of ownership to the hospital as lessee are recorded as capital assets at the present value of the minimum payments under the lease with a corresponding liability for the related lease obligation. Charges to expenses are made for amortization of the equipment and interest on the lease obligation.

All other items of equipment held on lease are accounted for as operating leases.

**1. Significant accounting policies (continued):**

(g) Employee future benefits:

The Hospital accrues its obligations under employee benefit plans as the employees render the services necessary to earn non-pension post-retirement benefits. The cost of such benefits earned by the employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of the retirement ages of employees and expected health and dental care costs.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the remaining service period of active employees. The Hospital also accrues its obligations for post-employment benefits when an event that obligates the Hospital occurs such as parental and short-term sick leaves. The average remaining service period of active employees covered by the employee benefit plan is 17 years (2024 - 18 years).

The Hospital is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Corporation has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. Contributions to the multiemployer defined benefit plan are expensed when due.

The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2024 disclosed actuarial assets of $123 billion (2023 - $112 billion) with accrued pension liabilities of $113 billion (2023 - $102 billion), resulting in a surplus of $10 billion (2023 - $10 billion). This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2024 based on the assumptions and methods adopted for the valuation.

(h) Use of estimates:

The preparation of financial statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to subsequently carry financial instruments at fair value.

**1. Significant accounting policies (continued):**

(i) Financial instruments (continued):

Long-term debt is recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

(j) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at March 31, 2025 or 2024.

(k) Asset retirement obligations:

The Hospital recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

**2. Accounts receivable:**

| | 2025 | 2024 |
|---|---|---|
| Ontario Health/Ministry of Health | $ 915,047 | $ 4,343,989 |
| Inpatients receivables | 514,571 | 301,485 |
| HST receivables | 681,847 | 195,179 |
| Campbellford Memorial Health Centre (note 14(c)) | 321,230 | – |
| Campbellford Memorial Hospital Foundation (note 14(a)) | 246,285 | 23,821 |
| Campbellford Memorial Multicare Lodge (note 14(b)) | 86,954 | 74,233 |
| Other | 88,720 | 392,750 |
| | 2,854,654 | 5,331,457 |
| Less allowance for impairment | (183,000) | – |
| | $ 2,671,654 | $ 5,331,457 |

## 3. Inventories:

| | 2025 | 2024 |
|---|---|---|
| Laboratory supplies | $ 116,938 | $ 97,823 |
| Drugs and medicines | 62,034 | 116,646 |
| Medicine and other supplies | 47,869 | 77,423 |
| Food and dietary supplies | 22,691 | 12,183 |
| | $ 249,532 | $ 304,075 |

## 4. Tangible capital assets:

| | | | 2025 | 2024 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | $ 298,985 | $ – | $ 298,985 | $ 298,985 |
| Land improvements and heliport | 551,819 | 551,819 | – | 1,894 |
| Buildings, including asset retirement costs | 11,110,890 | 10,761,946 | 348,944 | 557,179 |
| Building service equipment | 14,615,174 | 5,661,595 | 8,953,579 | 9,619,636 |
| Major equipment | 20,390,458 | 16,539,107 | 3,851,351 | 2,798,308 |
| Software and licensing costs | 2,430,439 | 552,497 | 1,877,942 | 2,532,296 |
| Work-in-progress | 433,717 | – | 433,717 | 439,669 |
| | $ 49,831,482 | $ 34,066,964 | $ 15,764,518 | $ 16,247,967 |

Cost and accumulated amortization at March 31, 2024 amounted to $47,774,352 and $31,526,385, respectively.

Management has reviewed for full and partial impairment at March 31, 2025 and determined there is none (2024 - none).

## 5. Accounts payable and accrued liabilities:

The following amounts are included in accounts payable and accrued liabilities on the Statement of Financial Position related to Ontario Heath/Ministry of Health payables:

| | 2025 | 2024 |
|---|---|---|
| Temporary summer locum program | $ 197,945 | $ 146,654 |
| SFH environmental initiatives | 172,216 | 172,216 |
| Hospital On-Call Coverage (HOCC) | 110,036 | 22,383 |
| Health Infrastructure Renewal Fund (HIRF) | 90,488 | – |
| Geriatric assessment & intervention network | 68,565 | 68,565 |
| Telemedicine | 61,803 | – |
| Community mental health | 61,662 | 47,183 |
| Physician temporary pandemic pay | 53,053 | – |
| Back-office integration funding | 28,272 | 28,272 |
| Cash advance | – | 455,796 |
| | $ 844,040 | $ 941,069 |

## 6. Credit facilities:

The Hospital has an available $200,000 revolving lease line of credit with $Nil balance outstanding at the end of the year (2024 - $Nil). This facility is secured by the underlying leased asset, non-interest bearing and repayable in accordance with the terms of the lease agreement.

The Hospital has an available operating line of credit facility to a maximum of $1.5 million with $Nil outstanding at March 31, 2025 (2024 - $233,913) which is unsecured at the lender's prime rate and is due on demand.

The Hospital has a non-revolving fixed rate term facility to a maximum of $2,500,000, with $Nil outstanding at March 31, 2025 (2024 - $150,000) which is unsecured at the lender's prime rate less 0.25% and is due on demand.

Security for all borrowings include guarantee and postponement of claim in the amount of $560,000 and $1,100,000 signed by Campbellford Memorial Hospital Foundation and Board resolution authorizing the financing granted under bankers' acceptance.

Interest expense incurred during the year on the revolving lease line of credit, operating line of credit and the fixed rate term facility was $Nil (2024 - $Nil), $2,817 (2024 - $16,373) and $4,093 (2024 - $41,088), respectively and is included in other supplies and expenses on the Statement of Operations.

## 7. Long-term debt:

(a) Ontario Financing Authority – Facility 1

| | 2025 | 2024 |
|---|---|---|
| Ontario Financing Authority, maturing March 2030 | $ 1,562,717 | $ 1,837,105 |
| Less: current portion | (286,385) | (286,318) |
| | $ 1,276,332 | $ 1,550,787 |

The Hospital entered into a loan agreement effective December 14, 2022, with the Ontario Financing Authority in the amount of $2,100,000. The loan has a variable interest rate based on the Province of Ontario's cost of funds for a seven-year amortizing bond plus 0.034% and will be repaid over seven years in equal monthly instalments combining principal and interest of $27,075. The loan will be fully repaid by March 2030.

(b) Royal Bank of Canada – Facility 2

| | 2025 | 2024 |
|---|---|---|
| Royal Bank of Canada, maturing May 2026 | $ 274,471 | $ – |
| Less: current portion | (20,807) | – |
| | $ 253,664 | $ – |

The Hospital assumed a loan granted to Campbellford Memorial Health Centre ("Heath Centre") by the Royal Bank of Canada as part of Facility 6 of the Agreement between Royal Bank of Canada and the Hospital dated May 25, 2021. This loan was originally granted to the Health Centre to finance capital improvements and maintenance. The borrowings under this facility are repayable by consecutive, blended monthly payments of principal and interest in the amount of $2,430 based on an amortization period of 147 months, on the 6th day of each month, continuing until May 6, 2026 and the balance of this facility shall be repayable in full on May 6, 2026. There was no cash received by the Hospital for this transaction. Therefore, it has been appropriately excluded from the Statement of Cash Flows.

## 7. Long-term debt (continued):

The minimum scheduled principal repayments are as follows:

| | Facility 1 | Facility 2 | Total |
|---|---|---|---|
| 2026 | $ 286,385 | $ 20,807 | $ 307,192 |
| 2027 | 298,903 | 253,664 | 552,567 |
| 2028 | 311,972 | – | 311,972 |
| 2029 | 325,610 | – | 325,610 |
| 2030 | 339,847 | – | 339,847 |
| | $ 1,562,717 | $ 274,471 | $ 1,837,188 |

Interest on long-term liabilities in the amount of $74,076 (2024 - $45,046) is included in contracted services and other expenses on the Statement of Operations.

## 8. Asset retirement obligations:

The Hospital's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Balance, beginning of year | $ 1,026,000 | $ 876,837 |
| Add: inflationary adjustment | 37,690 | 149,163 |
| Balance, end of year | $ 1,063,690 | $ 1,026,000 |

## 9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of tangible capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations. The changes in the deferred capital contributions balances are as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Principal amount | Accumulated amortization | Principal amount | Accumulated amortization |
| Donations for capital purposes: | | | | |
| Balance, beginning of year | $ 12,350,954 | $ 9,383,811 | $ 11,722,730 | $ 8,826,624 |
| Received/receivable during the year: | | | | |
| Campbellford Memorial Hospital Foundation | 2,574,463 | – | 628,224 | – |
| Amortization | – | 986,621 | – | 557,187 |
| Balance, end of year | 14,925,417 | 10,370,432 | 12,350,954 | 9,383,811 |
| Grants for capital purposes: | | | | |
| Balance, beginning of year | 22,570,203 | 8,535,242 | 17,447,333 | 7,863,972 |
| Received/receivable during the year: | | | | |
| Ministry of Health | 111,795 | – | 5,122,870 | – |
| Amortization | – | 962,837 | – | 671,270 |
| Balance, end of year | 22,681,998 | 9,498,079 | 22,570,203 | 8,535,242 |
| Combined grants and donations | $ 37,607,415 | $ 19,868,511 | $ 34,921,157 | $ 17,919,053 |
| Unamortized balance | $ 17,738,904 | | $ 17,002,104 | |

Allocation of amortization:

| | 2025 | 2024 |
|---|---|---|
| Equipment | $ 1,184,540 | $ 704,272 |
| Building and service equipment | 764,918 | 524,185 |
| | $ 1,949,458 | $ 1,228,457 |

## 9. Deferred capital contributions (continued):

The balance of unamortized and unspent funds consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Unamortized contributions used to purchase capital assets | $ 15,050,475 | $ 13,970,446 |
| Unspent contributions | 2,688,429 | 3,031,658 |
| | $ 17,738,904 | $ 17,002,104 |

## 10. Investment in tangible capital assets:

(a) Investment in tangible capital assets represent the following:

| | 2025 | 2024 |
|---|---|---|
| Tangible capital assets | $ 15,764,518 | $ 16,247,967 |
| Less amounts funded by: | | |
| Deferred contributions used for tangible capital asset acquisition | 15,050,475 | 13,970,446 |
| | $ 714,043 | $ 2,277,521 |

(b) Change in net assets invested in tangible capital assets is calculated as following:

| | 2025 | 2024 |
|---|---|---|
| Deficiency of revenue over expenses: | | |
| Amortization of deferred contributions related to capital assets | $ 1,949,458 | $ 1,228,457 |
| Amortization of tangible capital assets | (2,540,579) | (1,994,903) |
| | (591,121) | (766,446) |
| Net change in investment in tangible capital assets: | | |
| Purchase of tangible capital assets | 2,057,129 | 5,239,903 |
| Amounts funded by deferred contributions | (3,029,487) | (6,359,295) |
| | (972,358) | (1,119,392) |
| | $ (1,563,479) | $ (1,885,838) |

## 11. Post-employment benefits:

The Hospital accounts for employee future benefits using accrual accounting for post-employment benefits. This method uses current market rates to estimate the present value of the post-retirement liabilities. The most recent valuation of the Hospital was performed as at March 31, 2024. The next actuarial valuation will be completed at March 31, 2027. The related benefit liability was determined by an independent actuary on behalf of the Hospital. The accrued benefit liability is comprised of:

| | 2025 | 2024 |
|---|---|---|
| Balance, beginning of year | $ 984,500 | $ 974,900 |
| Employee future benefits expense | 59,100 | 58,700 |
| Contributions by the Hospital | (49,800) | (49,100) |
| Balance, end of year | $ 993,800 | $ 984,500 |

Reconciliation of accrued benefit liability:

| | 2025 | 2024 |
|---|---|---|
| Accrued benefit obligation | $ 1,489,500 | $ 1,453,100 |
| Unamortized actuarial losses | (495,700) | (468,600) |
| | $ 993,800 | $ 984,500 |

The employee future benefit recovery is composed of:

| | 2025 | 2024 |
|---|---|---|
| Current period benefit cost | $ 119,000 | $ 113,300 |
| Interest cost | 59,100 | 58,700 |
| Amortization of actuarial gains | (17,100) | (17,900) |
| | 161,000 | 154,100 |
| Less actual payments | (151,700) | (144,500) |
| | $ 9,300 | $ 9,600 |
| Discount rate for expense | 3.95% | 4.04% |
| Discount rate for disclosure | 3.89% | 3.95% |
| Dental benefits cost escalation | 5.00% | 3.00% |
| Medical benefits cost escalation - extended health care | 5.43%, decreasing by 0.17% per year to an ultimate rate of 3.57% | 5.60%, decreasing by 0.17% per year to an ultimate rate of 3.57% |

## 12. Pension plan:

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to $1,239,467 (2024 - $1,068,706) and are included in the Statement of Operations.

As of December 31, 2024, the HOOPP is in a surplus position with the regulatory funded ratio of actuarial value of net assets to accrued liabilities of 111%.

## 13. Ministry of Health - separately funding programs:

The Ministry separately funds the operating expenses of the programs listed below. The arrangement provides that any surplus arising from each program's actual operating results for the year is refundable to the Ministry in the following year. Any deficit arising from each programs' actual operating results for the year is payable by the Hospital and is included in expenses on the Statement of Operations.

| | 2025 | 2024 |
|---|---|---|
| Revenue: | | |
| Community Mental Health Program | $ 923,178 | $ 882,678 |
| GAIN Clinic | 707,761 | 594,958 |
| Municipal taxes | 5,625 | 5,625 |
| Supportive housing | 532,075 | 554,249 |
| Models of innovation | 415,483 | 330,836 |
| | 2,584,122 | 2,368,346 |
| Expenses: | | |
| Community Mental Health Program | 923,178 | 882,678 |
| GAIN Clinic | 707,761 | 594,958 |
| Municipal taxes | 5,625 | 5,625 |
| Supportive housing | 532,075 | 554,249 |
| Models of innovation | 415,483 | 330,836 |
| | 2,584,122 | 2,368,346 |
| Excess of revenue over expenses | $ – | $ – |

**14. Related entities:**

(a) Campbellford Memorial Hospital Foundation:

The Hospital is closely related to Campbellford Memorial Hospital Foundation (the “Foundation”) which was established to raise funds for charitable purposes in the community health care field as well as for the benefit of the Hospital. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The net assets resulting from operations of the Foundation are not included in the statements of the Hospital since the Foundation does not accumulate funds solely for the Hospital.

The Hospital pays various expenses on behalf of the Foundation, such as salaries and supplies for which it is reimbursed by the Foundation.

During the year, the Foundation transferred $2,574,463 (2024 - $628,224) for the purchase of equipment.

At year-end, the receivable for these expenses and current year equipment purchase commitments amounted to $246,285 (2024 - $23,821).

(b) Transactions with Campbellford Memorial Multicare Lodge:

The Hospital leases space from the Campbellford Memorial Multicare Lodge (the “Multicare Lodge”) and sublets a portion of this space. By mutual agreement the Hospital pays the Multicare Lodge a rental fee equal to the rental income received from the sublet portion. Lease costs of $100,090 and rental income of $100,090 related to this activity are included in other revenue, respectively.

The Hospital provides various services which are billed to the Multicare Lodge and amounted to $65,419 during the year (2024 - $35,950). Also, the Hospital pays various expenses on behalf of the Multicare Lodge, such as salaries, electricity and dietary, for which it is reimbursed by the Multicare Lodge. At year-end, there was an amount receivable from the Multicare Lodge for these services of $86,954 (2024 - $74,233).

The Hospital receives funding for the Supportive Housing Program. At the year-end there was an amount payable to the Multicare Lodge of $43,141 (2024 - $49,423).

(c) Campbellford Memorial Health Centre:

The Campbellford Memorial Health Centre (the “Health Centre”) provides a collegial setting intended to attract and retain medical professionals for the benefit of the community. The Hospital has an economic interest in this entity and in addition, the Hospital provides certain support services to the Health Centre, for which it is reimbursed.

As a result of the transaction described in note 7(b), at year-end, there was an amount receivable from the Health Centre of $321,230 (2024 - $Nil) and an amount payable to the Health Centre of $46,759 (2024 - $Nil).

**14. Related entities (continued):**

(d) Campbellford Memorial Hospital Auxiliary:

The Campbellford Memorial Hospital Auxiliary (the “Auxiliary”), through the efforts of its volunteers, promotes the interests of the Hospital and raises significant funds to assist the Hospital to acquire medical equipment.

At the year-end there was an amount receivable from the Auxiliary of $Nil (2024 - $Nil) and an amount payable to the Auxiliary of $Nil (2024 - $Nil).

**15. Commitments:**

The Hospital has entered into various agreements with vendors for IT hardware and software services with ending term dates up to August 2026.

The total spending commitments over the term of these agreements are as follows:

| | | |
|---|---|---|
| 2026 | $ | 23,373 |
| 2027 | | 9,739 |

**16. Contingencies:**

(a) The Hospital uses Industrial Alliance to administer the Extended Health Care, stop-loss coverage, and travel and dental benefits for the Hospital’s employees. Industrial Alliance provides administrative services only; therefore, the Hospital assumes the risk. As at March 31, 2025, the Hospital's portion of the plan was in a surplus position of approximately $42,391 (2024 - $201,183), which is included in prepaid expenses and deposits on the Statement of Financial Position.

(b) Healthcare Insurance Reciprocal of Canada:

The Corporation became a member of the Healthcare Insurance Reciprocal of Canada (“HIROC”) on April 1, 2014. HIROC is registered as a Reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage of health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2025.

**16. Contingencies (continued):**

(b) Healthcare Insurance Reciprocal of Canada (continued):

Since its inception in 1987, HIROC has accumulated an un-appropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the un-appropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions to or receivables from HIROC as of March 31, 2025.

(c) Employment matters:

During the normal course of business, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

The Hospital participates in centralized pay equity plans with certain employee groups. It is not possible at this time to make an estimate of the amount that may be payable to these labour groups and accordingly, no provision has been made in the financial statements.

**17. Fair value of financial instruments:**

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to the accounts receivable.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2025 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations.

There has been no significant change to the credit risk exposure from 2024.

**17. Fair value of financial instruments (continued):**

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

At March 31, 2025, the Hospital's current liabilities exceed its current assets by $1,486,090.

The Hospital has reported financial deficits in each of the last four years, including the current year, with the Hospital's budget for the year ending March 31, 2026 reflecting a forecasted financial loss. As a result of these losses, the Hospital has incurred a reduction in its working capital and net asset position. Management has identified a number of factors that have contributed to its recurring operating losses, including but not limited to the impact of recent wage settlements, inflationary cost increases and financial pressures resulting from patient volumes and capital commitments.

The Hospital continues to identify and consider opportunities to address these financial challenges. In the short-term, the Hospital intends to rely on financing through its existing credit facilities as described in Note 6, restricted cash and cost savings resulting from efficiency measures.

As a result of its ongoing financial deficits, the Hospital has an increased level of reliance on the Ministry of Health and Ontario Health to assist in meeting its operating and capital requirements at current levels.

(c) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Hospital to cash flow interest rate risk. The Hospital is exposed to interest rate risk through its credit facilities described in notes 6 and 7 to these financial statements.

There has been no significant change to the interest rate risk exposure from 2024.

## 18. Bill 124:

On November 29, 2022 as a result of a successful Charter of Rights challenge before the Ontario Supreme Court of Justice rendered a decision to repeal the Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124). As a result, collective agreements which were capped by the previous legislation were reopened for renewed negotiations.

In the prior year, the Hospital paid retroactive wage adjustments to employees as a result of the reopener provisions. Ongoing impacts of the reopener provisions are reflected in the Hospital's current wage rates and are included in the reported amounts of salaries, wages and benefits. In the current fiscal year, the Ministry provided the Hospital with ongoing base funding to fully offset the costs of the wage settlements.

## 19. Subsequent event:

On April 1, 2025, the Hospital, along with six other Central East Hospitals, entered into a comprehensive service agreement with Enabling Healthcare Across Networks of Central East Ontario (Enhance Ontario). Enhance Ontario is a separately incorporated, not-for-profit organization recently created to own and operate the Clinical Information System (CIS) currently shared by the seven hospitals. Subsequent to the year-end, the shared CIS assets of the Hospital, with a net book value of approximately $1.8 million were transferred to Enhance Ontario.

## 20. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.